

MISSOURI STATE AUDITOR'S OFFICE

ANNUAL REPORT

2024



Report # 2025-050

BY THE NUMBERS

* OVERSIGHT OF FEDERAL FUNDS

\$20.9 BILLION

This year's annual Statewide Single Audit reviewed: \$20.9 billion in federal funds, 16 federal programs, and 8 state agencies. The report included 18 findings.

* PROPERTY TAX RATES REVIEW

4,856

The State Auditor's Office annually reviews rates to determine compliance with state law. In 2024, staff reviewed 4,856 property tax rates of 2,807 taxing authorities.

* FINANCIAL REPORTS

3,303

The Missouri State Auditor's Office received 963 financial reports from municipalities and 2,340 financial reports from other political subdivisions.

* FISCAL NOTES

177

For the 2024 election cycle, the State Auditor's Office worked on fiscal notes for 174 initiative petitions submitted by citizens and 3 for joint resolutions approved by the legislature.

* BONDS REGISTERED

152

* REPORTS ISSUED

109

MESSAGE FROM AUDITOR FITZPATRICK



2024 was a busy and productive year in the State Auditor's Office as we continued efforts to rebuild our staff to a level that will allow us to better fight waste, fraud, and abuse at the state, county, and local level. 2024 also saw our office receive new authority to audit municipalities and other local governmental entities when wrongdoing occurs. This newfound authority will allow us to shine the penetrating light of transparency in areas that have too often been plagued by fraudulent activities that took place under the cover of darkness.

During the 2024 calendar year, our office released 109 reports that give taxpayers a closer look at how their governmental entities are performing, as well as a roadmap for how they can improve. Whether we uncovered theft of public money, or simple mismanagement of taxpayer funds, our reports brought the truth of how these political subdivisions were performing into the public's view. As the state's taxpayer watchdog, this is a responsibility we do not take lightly, and we will continue to work each and every day to make sure your government is functioning in a manner you can trust.

It is an incredible honor to serve as Missouri's taxpayer watchdog and I take very seriously the duties entrusted to me by the voters to ensure their tax dollars are not misused. We have an incredible team here at the State Auditor's Office and you can rest assured we will remain vigilant in our efforts to make sure government at all levels is transparent, efficient, and accountable.


Scott Fitzpatrick

DUTIES OF THE STATE AUDITOR



The State Auditor's Office is Missouri's independent watchdog for taxpayers. The Missouri Constitution and state law give the State Auditor authority to audit:

- All state agencies, boards, and commissions
- School districts
- State court system
- Public employee retirement and healthcare systems
- Counties that do not have a county auditor
- Transportation Development Districts, Community Improvement Districts, and Land Bank Agencies
- Other political subdivisions upon petition by the voters of those subdivisions

The State Auditor's Office also has the discretionary authority to conduct an audit of any political subdivision of the state, if, after receiving a whistleblower complaint, the office deems the complaint credible following an initial investigation.

Audits examine financial accountability; look for waste, abuse and fraud; and evaluate whether government organizations and programs are achieving their purposes and operating economically and efficiently. All audits are performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

Whistleblower Hotline

Missourians may contact the state auditor's Whistleblower Hotline with concerns related to fraud or waste in government operations by calling (800) 347-8597, by emailing moaudit@auditor.mo.gov, or by using the online submission form at auditor.mo.gov/hotline. Callers may choose to remain anonymous. Citizens are urged to contact the Auditor's Office if they have information they believe could be useful to audit staff.

DUTIES OF THE STATE AUDITOR



Fiscal Notes

The State Auditor's Office is responsible for assessing the fiscal impact of constitutional amendment petitions, statutory initiative petitions, and referendum petitions, as well as joint resolutions proposing constitutional amendments or bills adopted by the General Assembly without a fiscal note summary, which are to be referred to a public vote. The fiscal note and fiscal note summary for each petition, joint resolution, or bill state the initiative's estimated costs or savings, if any, to state and local governmental entities, and must be completed within 20 days of receipt.

Bond Registration

The State Auditor's Office is responsible for reviewing and registering general obligation bonds issued by political subdivisions in Missouri to ensure those bonds comply with both state law and the conditions of the contracts under which the bonds will be issued.

Review of Property Tax Rates

State law requires the Missouri State Auditor to annually certify all taxing jurisdictions throughout Missouri as to their compliance with state law and the tax limitation provisions in Article X, Sections 16 through 24 of the Missouri Constitution, commonly known as the Hancock Amendment. The State Auditor's Office property tax rate report states whether a taxing jurisdiction has met its obligation to set an overall tax rate at a level approved by voters and within the limits set by Missouri law.

Financial Reports

State law requires the State Auditor's Office to notify the Department of Revenue if any city, town, or village fails to timely submit a copy of its annual financial report. State statute also requires the office to report the filing status of political subdivisions other than cities, towns, and villages that are required to file.

SCHOOL ACCOUNTABILITY

When Auditor Fitzpatrick first took office in 2023, he emphasized the need to give parents and taxpayers more information about how their schools are performing. While schools are required by law to have financial audits every year, historically they have rarely received audits that evaluate the efficiency and effectiveness of district operations. While the State Auditor's Office has the authority to perform such audits of the more than 500 school districts in Missouri, Fitzpatrick said previous administrations had on average produced one school district audit per year. In 2024 he was able to make good on his promise to perform more reviews of Missouri school districts as his office released audit reports for two school districts while also launching audits of two more.



Francis Howell R-III School District

A report released on the school district gave parents and taxpayers in the Francis Howell R-III School District the answers they deserve on how a new high school projected to cost \$86 million skyrocketed to a final cost of more than \$164 million. The audit report gave the school district the lowest possible rating of "poor" and identified several issues with the management of projects financed by Proposition S, as well as other aspects of how the district is run.

Kingston K-14 School District

A report on the Kingston K-14 School District gave district leaders recommendations to improve the way they manage and oversee taxpayer dollars. The audit, which was initiated by a petition signed by 299 residents of the district, gave the district a rating of "fair" noting the School Board gave \$68,500 in unreasonable stipends to district employees and violated the Missouri Constitution by paying retroactive extra-duty stipends totaling \$2,600.

Independence School District

Auditor Fitzpatrick announced his office launched an audit of the Independence School District that will look not only at the district's finances but also at its overall performance as it relates to providing a quality education to students.

"We will take a thorough look at how the Independence School District is operating with the goal of providing parents with the information they deserve to know about how the district is performing and make necessary recommendations on how the district can make their schools more efficient and more effective for their students," said Fitzpatrick.

St. Louis Public School District

Auditor Fitzpatrick launched an audit of the St. Louis Public School District amid growing concerns over the district's operating budget, which went from a \$17 million surplus to a \$35 million projected deficit, as well as contracts that may have been issued without competitive bidding requirements or scrutiny of the SLPS Board of Education.

FIGHTING PUBLIC CORRUPTION



The Public Corruption and Fraud Division is a unit within the Missouri State Auditor's Office dedicated to rooting out fraud, waste, and abuse in state, county, and local government and assisting law enforcement to ensure public officials are held accountable.

Audits performed by the Public Corruption and Fraud Division examine financial accountability, waste, opportunities for fraud, and whether government organizations and programs are operating economically and efficiently.

Naylor-Neelyville Ambulance District

The audit of the ambulance district resulted in criminal charges being filed against the former director after the report found he authorized nearly a quarter of a million dollars in unsupported payments using district funds.

The audit found at least \$249,247 was misappropriated from the district. From 2017 to 2020, the former director improperly paid his wife, who served as billing clerk, \$55,010 and authorized improper payments to his mother, who served as board secretary, totaling \$20,950. From 2017 to 2023, the former director improperly paid himself \$173,287.

City of Excelsior Estates

The audit found a municipality in total disarray with missing financial records, other vital city records stored in a makeshift camper trailer made from the bed of a pickup truck, and potentially hundreds of thousands of taxpayer dollars wasted by improper payments made by the former mayor.

The audit report detailed how a lack of proper oversight and segregation of duties allowed the former mayor to improperly pay himself more than \$37,000, and potentially funnel more than \$200,000 in city funds to businesses he owned.

City of Desloge Municipal Court

The report detailed how the former Court Administrator for the City of Desloge Municipal Court was responsible for at least \$3,886 in missing money, and may have used methods to conceal another \$4,482 in potentially missing funds.

The audit report, which was prompted by a Whistleblower Hotline submission, gave the court a rating of "poor" and recommended the City of Desloge Municipal Court Division work with law enforcement officials to pursue those responsible for the missing money.

Washington County Collector

The report shed additional light on the questionable decisions made by the former Washington County Collector that led to her removal from office and criminal charges being filed against her.

The report found the former collector did not record or deposit at least \$107,081 in county trustee property sales receipts from the sale of over 1,700 properties from 2018 to 2021. The audit also identified how she improperly transferred at least \$3,700 from the Tax Maintenance Fund bank account to her personal bank account, and made at least \$3,211 in questionable disbursements by check and debit card.

EVALUATING STATE PROGRAMS



Missouri's Property Tax Credit Program

A report released by Auditor Fitzpatrick found significant inadequacies with Missouri's Property Tax Credit that led to incomplete claims being approved, eligible claims being denied, and incorrect amounts being awarded. The report, which gave the program a rating of "poor," also found the Department of Revenue (DOR) failed to retain supporting documentation in some cases, exposed the system to an increased risk of fraud, and failed to give the General Assembly complete and accurate information for use in budget decisions.

The audit looked at 59 claims that were approved by the department's Revenue Premier software but did not receive a manual review by a human being. Only 24 of the 59 claims were appropriately determined to be eligible and supported by required documentation. More than half the claims (31) had insufficient documentation to determine eligibility, 3 claims were eligible but the amount of the claim was miscalculated, and 1 claim was ineligible for the credit and approved in error. The report noted that for the year ended June 30, 2022, 77 percent of the 142,203 claims were processed without a manual review by DOR personnel.

Proxy Voting Policies of Public Pension Systems

Another report released by the State Auditor's Office detailed how most of the state's largest public pension systems failed to put policies in place to ensure corporate voting decisions prioritize shareholder return. The report examined the proxy voting policies of the state's eight largest public retirement systems, which manage more than \$85.2 billion, and found most of the systems need to provide more guidance on how they want proxy votes cast, and that all of the systems need to improve their review of proxy votes to make sure they comply with their policies. The lack of guidelines and review resulted in proxy votes for these systems being cast in an inconsistent manner. A review of seven Environmental, Social, and Governance (ESG)-related proxy votes during the audit period noted five instances in which proxy votes for a system were made both for and against the same proposal, effectively canceling out the vote of pension members.

Cyber Security Awareness and Training

A report released by Auditor Fitzpatrick looked at awareness and training efforts for 34 state government entities that include nearly 52,000 state employees and found both a need for improved oversight for awareness training efforts for some entities, and the need to implement effective training and phishing testing for others.

The audit report examined the policies and procedures related to security awareness training for 18 state government entities that are overseen by the Office of Administration Information Technology Services Division (ITSD), as well as 16 state entities that are structurally independent of the ITSD. For the consolidated entities (CEs) overseen by ITSD, the report found approximately 20 percent of employees did not complete any security awareness training during the test period despite the fact ITSD policy requires all employees who use state-owned systems to complete monthly security awareness training. For the non-consolidated entities (NCEs) not overseen by ITSD, the report found 4 of the 16 entities do not provide or obtain ongoing security awareness training for their employees.

COUNTY GOVERNMENT OVERSIGHT



Vernon County

The former Vernon County Clerk misused taxpayer dollars to buy himself a retirement gift, and to make other questionable purchases of items such as a heated vest according to a report released by Auditor Fitzpatrick. The regularly-scheduled audit, which gave the county the lowest possible rating of "poor," also found Vernon County residents were overtaxed by approximately \$123,000 in property tax revenue by not properly rolling back the property tax levy for all sales tax collected. The audit documented nearly \$5,300 in purchases by the former clerk that were either inappropriate or inessential to the administration and operation of the office.

Benton County

A regularly-scheduled audit conducted by the office of Auditor Fitzpatrick gave Benton County the lowest possible rating of "poor" and found county officials intentionally disregarded and violated state law to overtax residents by approximately \$200,000. The report also found the Benton County Public Administrator made questionable payments to members of her family for tax preparation services for wards without considering other vendors and ensuring the services were obtained at the lowest cost, and identified lacking financial controls and procedures for the county.

Montgomery County

An audit of Montgomery County showed county officials have made improvements to several areas of county government since a 2016 audit gave the county a rating of "poor," but also contained several findings that indicate the county still has work to do. The audit gave the county a rating of "fair," and found the county overtaxed its residents by approximately \$89,000 in 2022 because the County Clerk reported incorrect assessed valuation totals to the State Auditor's Office.

Butler County

According to a report released by Auditor Fitzpatrick, Butler County residents were overtaxed by approximately \$222,770 over a three-year period because of a miscalculation by the County Clerk. The regularly-scheduled audit of Butler County also contained 10 other findings and gave the county an overall rating of "fair." The report documented how the County Clerk failed to accurately calculate property tax levy reduction amounts, which resulted in approximately \$222,770 in excess property taxes being collected for 2020, 2021, and 2022.

Bates County

The audit, which gave the county a rating of "fair," focused on how the Prosecuting Attorney's Office procedures resulted in some crime victims not receiving the restitution payments they are owed. The report documented how, as of December 2023, the Prosecuting Attorney was holding and planned to improperly disburse at least \$2,000 to victims other than those intended. The Prosecuting Attorney also improperly disbursed unclaimed court-ordered restitution to victims other than those intended totaling \$17,386, in June 2021.

2024 State Auditor's Office Reports

Report	Date Issued	Report Number
Village of Mineral Point	01/09/24	2024-001
Shannon County Financial Statements	01/12/24	2024-002
Missouri State Highway Patrol's Use of Highway Funds Year Ended June 30, 2023	01/12/24	2024-003
Holt County	01/17/24	2024-004
Brentwood Pointe Transportation Development District	01/18/24	2024-005
Harrison County Financial Statements	01/19/24	2024-006
Office of Secretary of State	01/22/24	2024-007
Naylor-Neelyville Ambulance District	01/23/24	2024-008
Dover Township - Vernon County	01/26/24	2024-009
Monthly Report on Municipal Court and Revenue Filings November 2023	01/26/24	2024-010
Monthly Report on Political Subdivision Filings November 2023	01/26/24	2024-011
2023 Property Tax Rates	01/29/24	2024-012
Montgomery County	02/02/24	2024-013
Madison County Financial Statements	02/02/24	2024-014
Monthly Report on Municipal Court and Revenue Filings December 2023	04/02/24	2024-015
Monthly Report on Political Subdivision Filings December 2023	04/02/24	2024-016
Pemiscot County	02/13/24	2024-017
Compilation of 2023 Criminal Activity Forfeiture Act Seizures	02/16/24	2024-018
Dunklin County Financial Statements	02/23/24	2024-019
Follow-Up Report On Audit Findings City of Purcell	02/26/24	2024-020
Carroll County	02/28/24	2024-021
Ste. Genevieve County Public Administrator	03/13/24	2024-022
State of Missouri Annual Comprehensive Financial Report / Year Ended June 30, 2023	03/18/24	2024-023
Working Capital Revolving Fund	03/19/24	2024-024
Gaming Proceeds for Education Fund	03/19/24	2024-025
Pierce Township - Texas County	04/02/24	2024-026
City of Dixon	04/08/24	2024-027
Iron County	04/16/24	2024-028
Monthly Report on Municipal Court and Revenue Filings January 2024	04/19/24	2024-029
Monthly Report on Political Subdivision Filings January 2024	04/19/24	2024-030
Phelps County Financial Statements	04/26/24	2024-031
Compilation of 2023 Federal Forfeiture Reports	05/01/24	2024-032
Monthly Report on Municipal Court and Revenue Filings February 2024	05/03/24	2024-033
Monthly Report on Political Subdivision Filings February 2024	05/03/24	2024-034
Statewide Security Awareness Training	05/13/24	2024-035
State of Missouri Annual Comprehensive Financial Report - Report on Internal Control, Compliance, and Other Matters / Year Ended June 30, 2023	05/16/24	2024-036
Twenty-Fourth Judicial Circuit City of Desloge Municipal Division	05/20/24	2024-037
Wentzville Transportation Development District	05/23/24	2024-038
Monthly Report on Municipal Court and Revenue Filings March 2024	05/24/24	2024-039
Monthly Report on Political Subdivision Filings March 2024	05/24/24	2024-040
City of Waverly	05/30/24	2024-041
Office of Attorney General	06/20/24	2024-042
Monthly Report on Municipal Court and Revenue Filings April 2024	06/21/24	2024-043
Monthly Report on Political Subdivision Filings April 2024	06/21/24	2024-044
Monthly Report on Municipal Court and Revenue Filings May 2024	07/03/24	2024-045
Monthly Report on Political Subdivision Filings May 2024	07/03/24	2024-046
Follow-Up Report On Audit Findings City of Fairview	07/09/24	2024-047
Park Plaza Transportation Development District	07/12/24	2024-048
Pulaski County Financial Statements	07/19/24	2024-049
City of Excelsior Estates	07/23/24	2024-050
North Main/Malone Transportation Development District	07/26/24	2024-051
Wentzville II Transportation Development District	07/26/24	2024-052
Monthly Report on Municipal Court and Revenue Filings June 2024	08/09/24	2024-053
Monthly Report on Political Subdivision Filings June 2024	08/09/24	2024-054
Hawthorne Development Transportation Development District	08/29/24	2024-055
Neosho Transportation Development District	08/29/24	2024-056
Pershall Road Transportation Development District	08/29/24	2024-057
Monthly Report on Municipal Court and Revenue Filings July 2024	08/30/24	2024-058
Monthly Report on Political Subdivision Filings July 2024	08/30/24	2024-059
Missouri Retirement Systems' Proxy Voting Policies	09/03/24	2024-060
Putnam County Financial Statements	09/20/24	2024-061

Washington County Collector and Property Tax System	09/23/24	2024-062
State of Missouri Single Audit / Year Ended June 30, 2023	09/25/24	2024-063
Review of Article X, Sections 16 Through 24, Constitution of Missouri Year Ended June 30, 2023	09/30/24	2024-064
2023 Annual Report	09/30/24	2024-065
DESE Statewide Audits Summary Letter	09/30/24	2024-066
DHEWD Statewide Audits Summary Letter	09/30/24	2024-067
DHSS Statewide Audits Summary Letter	09/30/24	2024-068
DOLIR Statewide Audits Summary Letter	09/30/24	2024-069
DMH Statewide Audits Summary Letter	09/30/24	2024-070
DNR Statewide Audits Summary Letter	09/30/24	2024-071
DOC Statewide Audits Summary Letter	09/30/24	2024-072
DOR Statewide Audits Summary Letter	09/30/24	2024-073
DSS Statewide Audits Summary Letter	09/30/24	2024-074
MDC Statewide Audits Summary Letter	09/30/24	2024-075
MONG Statewide Audits Summary Letter	09/30/24	2024-076
OA Statewide Audits Summary Letter	09/30/24	2024-077
SOS Statewide Audits Summary Letter	09/30/24	2024-078
STO Statewide Audits Summary Letter	09/30/24	2024-079
Lawrence County Financial Statements	10/04/24	2024-080
Clark County Financial Statements	10/04/24	2024-081
Ripley County Financial Statements	10/04/24	2024-082
Village of Leslie	10/08/24	2024-083
Monthly Report on Municipal Court and Revenue Filings August 2024	10/11/24	2024-084
Monthly Report on Political Subdivision Filings August 2024	10/11/24	2024-085
Ste. Genevieve County Collector and Property Tax System	10/22/24	2024-086
Butler County	10/23/24	2024-087
Chariton County Financial Statements	10/25/24	2024-088
Department of Commerce and Insurance - Insurance	10/28/24	2024-089
Kingston K-14 School District	10/30/24	2024-090
Property Tax Credit	11/13/24	2024-091
Greene County Fire Protection Districts	11/15/24	2024-092
St. Louis County Fire Protection Districts	11/15/24	2024-093
Monthly Report on Municipal Court and Revenue Filings September 2024	11/15/24	2024-094
Monthly Report on Political Subdivision Filings September 2024	11/15/24	2024-095
Lake of the Ozarks Community Bridge Transportation Development District	11/18/24	2024-096
McDonald County Financial Statements	11/22/24	2024-097
Vernon County	12/02/24	2024-098
Monthly Report on Municipal Court and Revenue Filings October 2024	12/06/24	2024-099
Monthly Report on Political Subdivision Filings October 2024	12/06/24	2024-100
Bates County	12/09/24	2024-101
Montgomery County Financial Statements	12/13/24	2024-102
Caldwell County Financial Statements	12/13/24	2024-103
Carroll County Financial Statements	12/13/24	2024-104
Francis Howell R-III School District	12/18/24	2024-105
Linn County Financial Statements	12/19/24	2024-106
2024 Property Tax Rates	12/30/24	2024-107
Monthly Report on Municipal Court and Revenue Filings November 2024	12/31/24	2024-108
Monthly Report on Political Subdivision Filings November 2024	12/31/24	2024-109